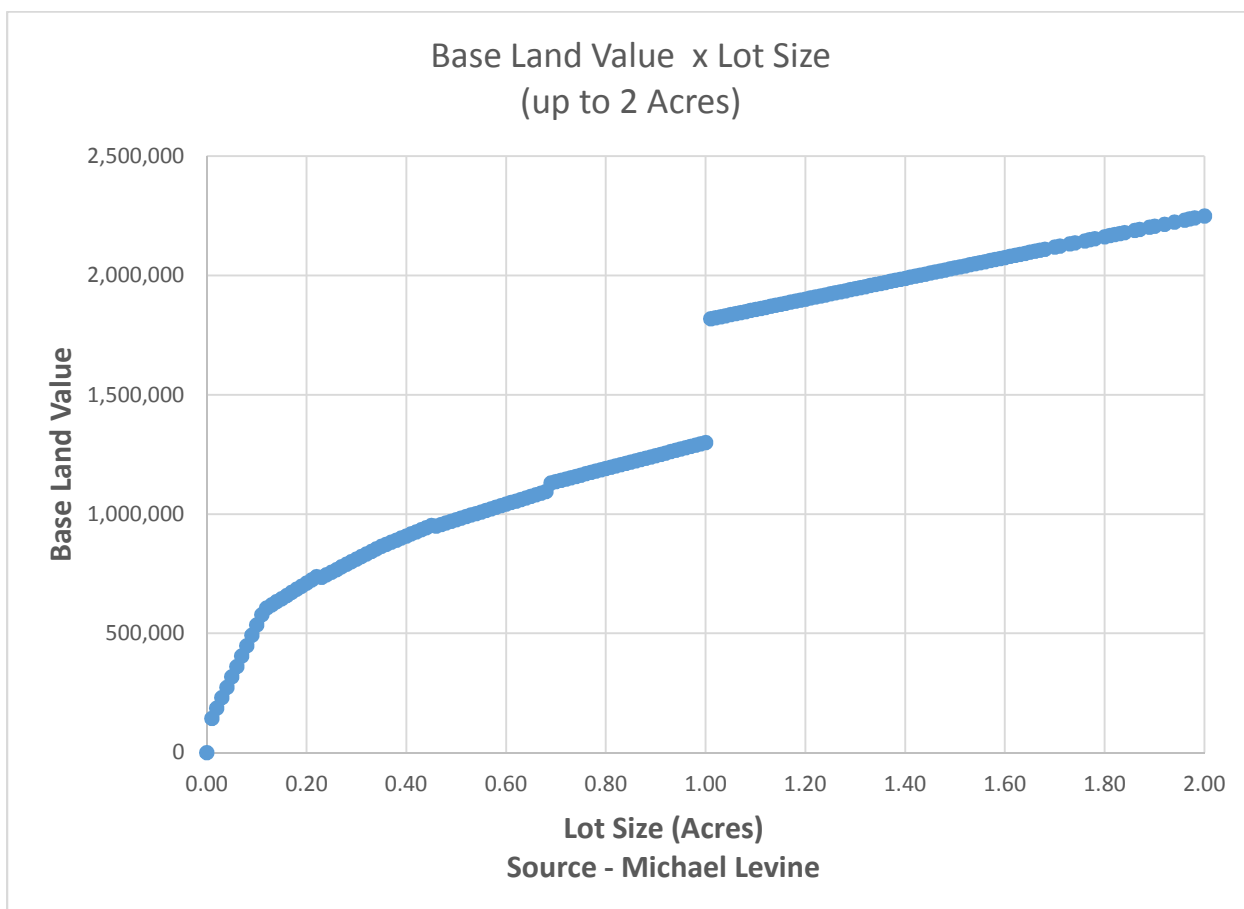


Good evening. My name is Josh Frankel. I live on Black Birch Lane.

On June 14, and again on June 27, I spoke here regarding the Ryan revaluation. I detailed the clear and dramatic shift in the tax burden among our residential zones – how the smallest homes on the smallest parcels experienced the greatest increases in their assessed values, and how the 2014 Tyler reval had been mostly reversed. I asked, I now know rhetorically, though I hadn't meant it to be, two specific questions: I inquired about the derivation of Mr. Ryan's land value table, and I wondered aloud why Mr. Ryan's Sales Base used 220 sales, only 58 percent of the 379 recorded for the same period in the State of NY's Office of Real Property Services database.

On the first point, that of land values, Michael Levine has done some remarkable analysis. Mr. Levine has uncovered, for example, that the incremental difference in land value from 1.00 acre to 1.01 acres – 1/100th of an acre, or some 436 square feet – produces an increase in value of some \$500,000, as can be easily seen on the graph below. The effects of this sloppy work are easily seen in the assessment roll. 7 and 8 White Birch Lane were both built in 1950. They are within a few hundred square feet of living area of each other. 7, which sits on exactly 1.00 acre, had been assessed at \$1,584,000 and was dropped

1% by Ryan. 8, which is 1.01 acres and had been assessed at \$1,464,000, rose by 52%, taking its assessed value to \$2,225,000, or up some \$761,000. This outcome is obviously, in a word, laughable, and reflective of what can only be characterized as slipshod work with no oversight procedures or protocols in place. How did this not raise a red flag? How is this defensible?



On to the missing sales.

Taxing its citizenry is arguably the single most important responsibility a municipality has. Nothing is more important than getting it right, ensuring that an *ad valorem* tax is fair and equitable. And it is for exactly that reason that rules regarding every aspect of mass appraisals are as comprehensive and specific as they are.

So, how are sales invalidated? How are they omitted from ratio studies? My understanding is that there are essentially two ways:

1) There is a group of eight reasons delineated in the NY State Assessor's Manual for invalidation.¹ A sale may not be arm's length, for example. Or it may be made under financial duress.

2) The other way a sale might be excluded is through the trimming of outliers (extreme results), and there are specific guidelines for those procedures. Both the state and the International Association of Assessing Officers emphasize that more data are better than less data.

The IAAO states that, "The position should be taken that all sales are candidates as valid sales unless sufficient information can be documented to show otherwise. If sales are excluded for ratio studies without substantiation, the study may appear to be subjective. Reason codes may be established for valid and invalid sales for both ratio

¹ NY State Assessor's Manual, Section 5.4

studies and model calibration.”² There is no ambiguity about the need to document invalidated sales and, in fact, some that were excluded by the Assessor’s office were appropriately coded.

Trimming of outliers, to the extent such a procedure is undertaken (and it is **not** mandatory), must also be performed according to very specific protocols. The IAAO warns that “trimming of outliers using arbitrary limits, for example, eliminating all ratios less than 50 percent or greater than 150 percent, tends to distort results and should not be employed. [...] If a trimming method has been used to reject ratios from the sample, this fact must be stated in the resulting statistical analysis. [...] It is also appropriate to set maximum trimming limits. For small samples, no more than 10 percent (20 percent in the most extreme cases) of the ratios should be removed. [...] Ratio study reports or accompanying documentation should clearly state the basis for excluding outlier ratios.”³ At previous Board or Committee of the Whole meetings, the general estimate for invalidations was pegged at five to seven percent; the Tyler reval invalidated just under 9 percent. The Ryan reval removed some 159 sales, or 42 percent, without appropriate substantiation or documentation.

² IAAO Standard on Verification and Adjustment of Sales-2010, Section 5

³ IAAO Standard on Ratio Studies-2013, Appendix B, Outlier Trimming Guidelines

On June 27, I submitted a Freedom of Information Law request to examine the reasons for the invalidations of those 159 missing sales. To date, that request has not been fulfilled, although I've been advised that the Village will make every effort to fulfill it by August 19, two days after Mr. Ryan's appearance here.

But here's the problem: On June 30, Deputy Village Manager Cole inquired of Mr. Ryan as to the missing sales, and Mr. Ryan wasted no time in throwing Ms. Albanese under the bus, replying, "Need to direct questions to Nanette."⁴ Then the Assessor's office, in effect acknowledging it apparently had no knowledge of the missing sales, reached out to Ryan for clarification. Mr. Ryan's dismissive response was that, "Any sale not reflected in our final report was either reported as invalid or considered an outlier, often times as a result of changes made after the date of sale."⁵ That response is wholly inadequate.

Sales Verification, per Mr. Ryan's contract, should have been the Assessor's job. And, in fact, there exists a spreadsheet in which the

⁴ Ryan email to Cole, June 30, 2016 at 12:16PM

⁵ Ryan email to Albanese, July 6, 2016 at 7:29AM

Assessor invalidated – with reason codes - almost 100 sales, leaving 368 – not a far cry from my 379 - eligible for use.

Below is an image taken from a report of sales – both valid and invalid – for the period from July 1, 2014 to September 25, 2015. It is stamped twice “Final Copy” and initialed and dated by the Assessor.

SALES REPORT 7-1-2014 TO 9-25-2015
(Valid and Invalid)

Final Copy Final Copy

nja
8/20/16
8:35pm

addr Street	New Owner	Sale Date	Sale Price	Valid	Sale Year	Land AV	Total AV	Roll Sect	Prop Class
OD RD	NOGI JENNIFER	9/11/2015	1,654,374	1	2014	935,000	1,311,000	1	210
D	BUCH NIKOLAUS	10/2/2014	1,210,000	1	2014	634,000	993,000	1	210
D	POKOIK JONATHAN M	7/1/2014	4,884,750	1	2013	10,300	48,225	1	210

Below we see that the Assessor had tallied some 368 valid sales, the number that presumably should have been used by Ryan.

1.01.302	A	58	GRIFFEN AVE	REVA M GR
1.01.44	C	30	BRADFORD RD	MILLER BAR
1.02.2	C	17	SCHOOL LA	GRAFF ZOB
TOTAL SALES CLASS 210:		467	TOTAL VALID	368
1.05.62		12	FAIRVIEW RD	INTERNATIC
1.01.7	I	20	SCHOOL LA	LEVIN DAVI
1.02.177			BREWSTER RD	GLIK ROBER

How did Ryan, possibly unbeknownst to the Assessor’s office, get from 368 sales down to the 220 that he ultimately used? No one seems to have a clue. If Mr. Ryan invalidated sales independent of the Assessor

and without documenting those invalidations, he overstepped the bounds of his contract. If we're to believe he trimmed outliers (as opposed to cherry-picking sales, which is what I believe he actually did), then a) He trimmed far more than the 20 percent limit set by the IAAO and b) He offered no documentation whatsoever as to his trimming process, as he was obligated to do. Between land values, missing sales, thousands of questionable grade changes, and many other still-open issues, it is no longer possible to accept this revaluation as legitimate.

This situation has become untenable. It is not acceptable for the board to continue to point to the grievance process as the solution to this problem. There is nothing Mr. Ryan can say next week that will make this right. The board should explore what legal recourse it has against Mr. Ryan and rescind the tentative roll immediately.

Thank you.